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# Board of Ethics



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Annual Report  
2005-2006

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**CITY OF CHICAGO**  
**Richard M. Daley, Mayor**  
**Steven I. Berlin, Acting Executive Director**



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**Board MEMBERS**

**Darryl L. DePriest - Chair**  
*Appointed 1990*

**Michael F. Quirk**  
*President, De La Salle Institute*  
*Appointed 1996*

**Mary Beth S. Robinson**  
*Vice President, Senior Claims Counsel*  
*Attorneys' Liability Assurance Society, Inc.*  
*Appointed 2002*

**Miguel A. Ruiz**  
*Partner, Pretzel & Stouffer, Chartered*  
*Appointed 2002*

**John L. Wilhelm, M.D.**  
*Executive Director, Infant Welfare Society of Chicago*  
*Appointed 2006*

**City of Chicago Board of Ethics**  
**740 N. Sedgwick, Suite 500**  
**Chicago, IL 60610**  
**312-744-9660**

web address: [www.cityofchicago.org/Ethics](http://www.cityofchicago.org/Ethics)

email: [sberlin@cityofchicago.org](mailto:sberlin@cityofchicago.org)

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**Board of ETHICS STAFF**

**Dorothy J. Eng**

Executive Director (through September 30, 2006)

**Steven I. Berlin & Michael Haggerty**

Deputy Directors

**Richard J. Superfine**

Legal Counsel

**Edward Primer**

Program Director

**Briana N. Milton**

Attorney/Investigator

**Carolyn Bowens**

Administrative Services Officer

**Doretha L. Jackson**

Assistant to the Director

**Jef Johnson**

Special Projects Coordinator

**Pauly Sepúlveda-Casillas**

Staff Assistant

# Table of CONTENTS

<b>I.</b>	<b>Chair’s Report</b> .....	1
<b>II.</b>	<b>The Board of Ethics</b> .....	3
<b>III.</b>	<b>The 2005-2006 Reporting Year</b> .....	5
<b>A.</b>	<b>Amendments to the Governmental Ethics and Campaign Financing Ordinances</b> .....	5
<b>B.</b>	<b>Education and Training</b> .....	6
<b>C.</b>	<b>Guidance and Casework</b> .....	9
	<b>1. Inquiries and Cases</b> .....	9
	<b>Table I: Subject Matter of Inquiries/Yearly Comparisons</b> .....	10
	<b>Table II: Subject Matter of Cases/Yearly Comparisons</b> .....	11
	<b>2. Summaries of Relevant Inquiries and Opinions</b> .....	12
	♦ <b>Campaign Financing</b> .....	12
	♦ <b>Employment of Relatives/Domestic Partners/     Use or Disclosure of Confidential Information</b> .....	13
	♦ <b>Statements of Financial Interests</b> .....	14
	♦ <b>Representation of Other Persons</b> .....	15
	♦ <b>Ethics Education Seminar</b> .....	16
<b>D.</b>	<b>Regulation and Enforcement Activities</b> .....	17
	<b>1. Campaign Financing</b> .....	17
	<b>2. Statements of Financial Interests</b> .....	17
	<b>3. Lobbyist Registration and Activity</b> .....	18
	<b>Table III: Business Interests of Clients Represented by Lobbyists</b> .....	20
	<b>4. Investigations, Complaints and Preliminary Inquiries</b> .....	21
	<b>Table IV: Subject Matter of Investigations, Complaints and     Preliminary Inquiries</b> .....	24
	<b>5. Personnel Rule XXIX Disclosures</b> .....	25
	<b>6. Aldermanic Disclosures</b> .....	25
<b>E.</b>	<b>Examination of Public Filings</b> .....	26

This Annual Report summarizes the activities of the Board of Ethics from August 1, 2005 through July 31, 2006 (the "reporting year"). It is issued pursuant to §§2-156-380(j) and 2-164-070(j) of the Municipal Code of Chicago.

**"Good government is the outcome of private virtue."**

*- John Jay Chapman*

The Board of Ethics is now entering its twentieth year as a City agency. The Board's mission is indeed a noble one: to help ensure public confidence in the integrity of Chicago government. Much of the work that the Board performs citizens will not read or hear about in the press, because much of that work is consultative, advisory, and confidential. However, what this Annual Report will give the attentive reader is a sense of just how much the agency accomplishes with a small, dedicated staff, and a comparatively light budget.

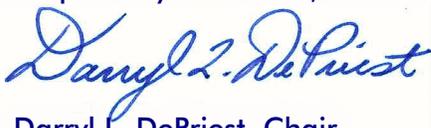
This past reporting year saw a dramatic increase—of well more than 100%—in the number of inquiries received and handled by the Board. This is due, in part, to the increased number of City employees and officials filing Statements of Financial Interests, and in part to greater awareness of City personnel of this agency and the services it provides. But is also due to an increased awareness on the part of City personnel of the importance of integrity in government, and that integrity is, in the final analysis, government's most valuable asset. To help reinforce that point, this past reporting year also saw a major change in the Governmental Ethics Ordinance to require regular ethics education. This change makes Chicago one of the very few jurisdictions in the nation that requires regular ethics education for nearly all of its civil servants. In the Spring of 2006, the Board began administering its internet-based annual ethics education program for all Aldermen and 38,000-plus full-time City employees. The Board will, in successive years, redesign the program to highlight different aspects of the law. In the year ahead, the Board will also focus on using internet-based technology to help ensure that citizens know about the Board's services and about the public documents it maintains.

The Board is well aware of the trust that Chicago's citizens and government officials and employees have placed in it. I remain confident that the agency will continue to merit that trust, and meet the challenges ahead. I here wish to acknowledge the hard work and dedication of the Board's small staff and of my fellow Board members, all named in this Annual Report.

Finally, on behalf of the Board, I wish to express my gratitude to the agency's former Executive Director, Dorothy J. Eng, who retired effective September 30, 2006. In her sixteen years of City service, Dorothy exercised visionary leadership and consummate professionalism. It has been a privilege and an honor to have served with her, and we wish her well in her future endeavors.

I am honored to present this Twentieth Annual Report of the City of Chicago Board of Ethics.

Respectfully submitted,



Darryl L. DePriest, Chair



**ABOUT THE BOARD OF ETHICS**

Now in its twentieth year, the Board of Ethics was established in 1987 to administer and enforce the City of Chicago's Governmental Ethics and Campaign Financing Ordinances. These laws mandate that the Board provide advice and guidance to persons seeking it, conduct educational and regulatory programs, and receive and investigate complaints. The Ordinances exist to help ensure that City officials and employees perform their public responsibilities impartially, and that they not use their public employment or office for private gain, and to foster public confidence in the integrity of City government officials and employees.

The Board's members and its Executive Director are appointed by the Mayor and confirmed by City Council. The Board meets each month and its members serve without pay. The Board is staffed by nine full-time employees, including the Acting Executive Director. The agency's budget for fiscal year 2006 was \$834,953.

**THE BOARD'S PROGRAM AREAS**

**Education**

One of the agency's paramount responsibilities is educating City employees and officials, persons with or seeking City contracts, lobbyists and the public about the requirements of the Ordinances. In this past reporting year, the Board implemented an on-line training for all full-time City employees and Alderman, who are required to complete the course each year. This and the Board's other educational programs are summarized on pages 6-7 of this Report.

**Advice and Guidance**

Between August 1, 2005 and July 31, 2006, the Board handled a record 4,700 requests for information or specific guidance—a figure that is well more than double the amount for the previous reporting year. Most requests and questions came from City employees and officials, but many also came from the public, the media, and other governmental agencies.

More information about this aspect of the Board's work can be found on pages 9-15 of this Report.

**Regulation and Disclosure**

The Board publishes, distributes, reviews, maintains and makes available to the public:

- Statements of Financial Interests filed annually by approximately one-third of all City employees and officials;

## The Board of Ethics

- Disclosure forms filed by married employees as required by Personnel Rule XXIX; and
- Lobbyists' registration statements and activity reports.

In accordance with City ordinance and state law, the Board maintains and makes available for public inspection Statements of Financial Interests, City Council members' disclosures, filings made by registered lobbyists, and certain gift disclosures.

More information on these activities is summarized on pages 17-26 of this Report.

### Investigation and Enforcement

The Ordinances require or authorize the Board to:

- ☛ monitor contributions made to elected City officials and candidates for elected City office, to ensure that contributors comply with the limitations imposed by the Campaign Financing Ordinance;
- ☛ commence preliminary inquiries based on information reported in public filings made by City employees, officials, registered lobbyists, and candidates for elected City office and contributors thereto (these preliminary inquiries may lead to full-scale investigations); and
- ☛ receive and investigate complaints of alleged violations of the Ordinances in accordance with legally mandated procedures, and recommend or take appropriate corrective action and/or sanctions.

More detailed information on the Board's investigation and enforcement activity can be found on page 21-24 of this Report.

## A. AMENDMENTS TO THE GOVERNMENTAL ETHICS ORDINANCE

The City Council adopted two amendments to the Governmental Ethics Ordinance during the reporting year.

1. In December 2005, a new section, § 2-156-145(B), was added. This provision requires all Aldermen and full-time City employees to complete, annually each calendar year, an ethics education training course developed by the Board of Ethics. The course may be offered in-person, through an internet-based program, or in another manner prescribed by the Board of Ethics. Any employee who fails to comply with this requirement shall be subject to employment sanctions, including suspension; any employee found to have knowingly falsified compliance with the requirement shall be subject to discharge. This is in addition to the requirement (effective in 1997) that certain City officials and employees attend ethics training every four years.
  
2. In May 2006, § 2-156-110, entitled "Interest in City Business," was amended. This section prohibits City employees and officials from having a "financial interest" in their own name or in the name of another in any contract, work or business of the City (appointed officials may not engage in such transactions unless the matters are wholly unrelated to their City duties and responsibilities). The amendment added an exception providing that the prohibition does not apply with respect to participation in eligible programs offered by the City's Department of Housing (eligibility and eligible programs are determined by the Department of Housing).



### NOTE

Complete texts of Chicago's Governmental Ethics and Campaign Financing Ordinances are on the Internet at: [www.cityofchicago.org/Ethics](http://www.cityofchicago.org/Ethics)

## B. EDUCATION AND TRAINING

Educating City employees, officials and the public about the requirements of the City's Governmental Ethics and Campaign Financing Ordinances is mandated by those laws. The Board offers a variety of a variety of training materials and classes. These are:

### Mandatory Annual Ethics Training



In December 2005, the Governmental Ethics Ordinance was amended to require all Aldermen and full-time City employees to complete, each year, an ethics training program designed by the Board. During the reporting year, the Board worked closely with the Department of BIS and its vendors to develop an on-line, interactive training format that is being used to train most City personnel. Each department and Aldermanic office appointed a training administrator and submitted a plan for ensuring that all 38,000 full-time City employees complete the training by December 31, 2006. The program allows the Board to monitor compliance. In addition, the Board produced: 1) a videocassette edition of the training, for use for those departments that may need it; and 2) two additional on-line programs, one for Aldermen, and one for employees of the Police and Fire Departments, as certain rules and laws apply differently to them. The Board hired a Program Director and an Assistant to the Director to help oversee the program.

**At the end of the reporting year, nearly 9,000 City employees had completed their annual training requirement.**

### Mandatory Quadrennial Ethics Training

Since October 1997, the Governmental Ethics Ordinance has required all Aldermen, Aldermanic staff, City Council Committee staff and senior executive service employees of the City to attend ethics training every four years. About 10% of the City's workforce is subject to this requirement. Persons failing to attend are subject to a \$500 fine. Upon entering City service in a position requiring attendance at ethics training, an employee or official has 120 days to attend, and then must attend again every four years. The Ordinance also mandates that the Board design and conduct training that will allow persons to satisfy this requirement. The Board identifies persons required to attend, notifies them of their requirement, schedules them for classes, and confirms their attendance or non-attendance in writing. During the past reporting year—which marked the third quadrennial training cycle for many City employees and officials—the Board conducted 48 classes for the 783 City employees and officials required to attend, and produced a new training film and revised all written class materials.

**Other  
Training  
Offerings**

The Board offers other ethics training programs for City and non-City personnel, and conducts classes for departments or bureaus upon request. This past reporting year, training offered by the Board included:

- 21 customized classes, held upon request, covering the Board's work and the Governmental Ethics and Campaign Financing Ordinances, attended by more than 850 City employees and contractors from five departments;
- 9 presentations to 170 visiting dignitaries and officials from foreign countries, including Argentina, Bolivia, Chile, Colombia, the Peoples' Republic of China, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Paraguay, Poland and Uruguay;
- 1 presentation to a community group of 30 citizens; and
- participation, together with other departments, in more than a dozen "Integrity Fora," enabling several thousand City employees to receive information about the Board, its work, and standards covering ethical workplace conduct generally.

**Publications**

The Board publishes and distributes a variety of publications summarizing different aspects of the Ordinances that are of particular concern, including campaign financing, lobbying, and a guide for Aldermen. Many of these publications are posted on the Board's website; all are available upon request.

**Departmental  
Ethics  
Officers**



Ethics Officers from each City agency and Aldermanic office assist the Board by distributing to employees in their departments and offices written notices informing them of legal obligations with respect to the post-employment restrictions imposed on employees who have left or retired from City service, education, outside employment, post-City employment, and filing Statements of Financial Interests. Forms used by Departmental and Aldermanic Ethics Officers are available on the Board's website.

**Additional  
Web-based  
Training  
Programs**



The Board has two additional electronic training programs. One covers the City's post-employment restrictions, and can be found here:

<http://egov.cityofchicago.org/city/postEmploymentQuiz/index.jsp>

The other program covers the restrictions in the Ordinances imposed on City contractors, and can be found here:

<http://www.cityofchicago.org/Ethics/Media/EthicsTrainingProgram.html>

## C. GUIDANCE AND CASEWORK

Much of the Board's daily work involves responding to requests for information from or providing guidance to employees and officials, persons from other governmental entities, lobbyists, businesses, contractors, vendors, campaign contributors and staffs, the press and the public. Requests arrive by telephone, fax, email, letter, and in person. The Board categorizes these requests as either "inquiries" or "cases."

### Number of Inquiries and Cases

#### Inquiries



The Board handles as "inquiries" instances where persons contact the office and request information or legal guidance, but do not request or receive a written response. This past reporting year, the Board handled 4,700 inquiries (this represents an increase of more than 100% over the number of inquiries handled in the year that ended July 31, 2005). Most people who contact the Board ask whether and how the Ordinances apply to specific situations. As appropriate, Board staff provides general information or specific guidance based on previously rendered written Board advisory opinions. All inquiries are handled in accordance with the confidentiality provisions of the Governmental Ethics and Campaign Financing Ordinances.

#### Cases



The Board handles as "cases" instances where persons contact the office and request a written opinion, raise complex legal issues the Board has not yet addressed, or file a complaint. The Board may, as appropriate, render a written opinion, formally approve advice given orally, dismiss a complaint, or commence and conduct an investigation and issue a report containing determinations and recommendations (these include investigations and preliminary inquiries commenced by the Board based on public filings made by City employees and officials, registered lobbyists and committees of candidates for elected City office). All these matters are handled and resolved as "cases." Board staff relies upon written Board opinions in handling related future inquiries. All advisory opinions, complaints filed with the Board, and Board investigations and recommendations are confidential in accordance with the Ordinances.

This past reporting year, the Board approved oral or issued written advice in 46 cases, and issued 34 reports containing determinations or recommendations resulting from investigations.

**TABLE I - SUBJECT MATTER OF INQUIRIES/YEARLY COMPARISONS**

<b>Inquiries Received/Handled For The Years Ended July 31:</b>			
<b>Subject Matter</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Outside Employment	37	59	73
Post-Employment	108	63	94
Gifts/Travel/Honoraria	131	151	247
Interest in City Business	25	47	71
Campaign Financing	25	27	52
Lobbying Activity/Disclosure	110	418	414
Financial Interest Disclosure	975	775	2,547
Political Activity	6	2	29
City Property	26	26	18
Fiduciary Duty	9	11	19
Conflicts/Improper Influence	26	24	38
Money for Advice	5	11	2
Representation	11	7	20
Employment of Relatives/ Domestic Partners	31	32	52
Confidential Information	0	1	51
General Information	44	45	13
No Jurisdiction <sup>1</sup>	24	53	59
Prohibited Conduct	6	3	9
Other	31	53	48
Classes/Education	209	341	787
Freedom of Information	5	9	57

**TABLE I**

shows the subject matter of inquiries received and handled by the Board during the reporting years ending July 31, 2004, 2005 and 2006.

<sup>1</sup> Where possible, the Board refers these matters to other City, governmental, or private agencies.

**TABLE II - SUBJECT MATTER OF CASES/YEARLY COMPARISONS**

**TABLE II**  
shows the number and subject matter of the cases resolved<sup>1</sup> by the Board for the reporting years ending July 31, 2004, 2005 and 2006.

<b>Cases Resolved<sup>1</sup> for Years Ending July 31:</b>			
<b>Subject Matter</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Outside Employment	2	4	2
Post-Employment	26	15	20 <sup>2</sup>
Gifts/Travel/Honoraria	11	6	5
Interest in City Business	5	6	4
Campaign Financing	37	69 <sup>3</sup>	33 <sup>4</sup>
Lobbying Activity/Disclosure	3	29 <sup>5</sup>	92 <sup>6</sup>
Financial Interest Disclosure	108 <sup>7</sup>	116 <sup>8</sup>	126 <sup>9</sup>
City Property	4	0	1
Fiduciary Duty	1	2	7
Conflicts/Improper Influence	5	4	3
Representation	1	3	2
Employment of Relatives/Domestic Partners	3	1	2
No Jurisdiction <sup>10</sup>	9	12	14
Prohibited Conduct	1	0	0
Money for Advice	1	0	0
Contract Inducement	1	0	0
Political Activity	0	1	0

1. As in past years, these figures include all cases in which oral or written advice or opinions were issued. It also includes 2 requests for written advice that were withdrawn, 95 cases initiated and closed with respect to employees who filed 2006 Statements of Financial Interests after the required date but prior to a Board determination, 15 complaints referred to other agencies or dismissed before investigations were commenced or concluded, and 34 cases in which the Board issued written reports resulting from concluded investigations. See Table IV, on p. 24, for more specific information on complaints received and investigations commenced and concluded during the reporting year.

2. This includes two withdrawn requests for written advisory opinions.

3. This figure includes 68 concluded investigations pertaining to contributors' violations of the contribution limitations in the City's Campaign Financing Ordinance, and 1 case in which the Board rendered written advice. It does not include 15 cases commenced with respect to contributors alleged to have violated the contribution limitations of the Campaign Financing Ordinance, but not concluded during this reporting year. See Section III.D.1, on p. 14, for more information.

4. This figure represents 33 concluded investigations, but does not include 2 other investigations and 2 preliminary inquiries commenced but not concluded during the reporting year with respect to contributors alleged to have violated the contribution limitations of the Campaign Financing Ordinance.

5. This figure includes 5 preliminary inquiries (each pertaining to contingent lobbying fees), 3 complaints (all of which were dismissed for lack of jurisdiction), and 21 investigations commenced and concluded during the reporting year, all pertaining to timely lobbyists' filings.

6. This figure includes one staff request for a Board interpretation (pertaining to recording lobbyists' filings), three complaints (all of which were dismissed for lack of reasonable cause to investigate), and 88 investigations commenced and concluded during the reporting year, all pertaining to timely lobbyists' filings.

7. This figure includes 32 cases brought with respect to City employees who failed to timely file their 2003 Statements of Financial Interests, 75 who failed to timely file their 2004 Statements of Financial Interests, and 1 case in which the Board issued written legal advice.

8. This figure includes 2 cases concluded with respect to employees who failed to timely file their 2003 Statements of Financial Interests; 75 cases concluded with respect to employees who failed to timely file their 2004 Statements of Financial Interests; 29 employees and officials who failed to timely file their 2005 Statements of Financial Interests; and 10 cases in which the Board determined whether members of Boards and Commissions are required to file Statements of Financial Interests.

9. This includes 31 cases closed involving individuals who, the Board determined, violated the Ordinance for failing to timely file their 2005 Statements of Financial Interests, and 95 cases closed involving individuals who filed their 2006 Statements prior to a Board determination that they had violated the Ordinance for failure to timely file.

10. Where possible, the Board referred these cases to other City, governmental, or private agencies.

### Summaries of Relevant Inquiries and Opinions



The following summaries are based on actual inquiries received, responses given, and written opinions rendered. They are included for educational purposes only and are not intended to constitute legal advice. Board opinions may be relied upon only by persons involved in the specific transactions or activities with respect to which the opinions are rendered. Anyone with questions about specific situations should contact the Board for personal guidance.

The Board can render advisory opinions when requested in writing by officials, employees or any other persons directly and personally involved. Board opinions concern only the application of the City's Governmental Ethics and Campaign Financing Ordinances to the facts presented in the opinions, and do not analyze other rules or laws that may apply.

The Board handles all inquiries in accordance with the confidentiality requirements of the Ordinances. Copies of Board opinions, with identifying and other confidential information removed, are available on request. To the extent that these summaries differ from the language of the Ordinances or Board opinions, the language in the Ordinances and opinions controls.

### Campaign Financing

**The Campaign Financing Ordinance limits at \$1,500 the amount of contributions that certain persons or business entities may make to: 1) candidates for elected City office during a single candidacy; 2) elected City officials during a "reporting year" (July 1 through June 30); and 3) City officials or employees seeking election to any other office. The Ordinance also prohibits any person from making a cash contribution to any candidate in an amount exceeding \$250. The Ordinance also provides that no elected official shall be allowed to take the oath of office, continue in office, or receive compensation from the City unless he or she has filed a Statement of Financial Interests as provided in the City's Governmental Ethics Ordinance.**

**Situation 1:** A candidate asks whether he must file a Statement of Financial Interests with the Board of Ethics, and whether his opponent, an incumbent Alderman, must file one as well.

**Advice:** As required by the Campaign Financing Ordinance, yes, this candidate is required to file a Statement of Financial Interests with the Board of Ethics. And, yes, his opponent, the incumbent Alderman, is also required to file a Statement of Financial Interests by May 31 of each calendar year of his term, although Aldermen file their Statements with the Office of the City Clerk.

**Situation 2:** A citizen wishing to contribute to her Alderman's political committee asks whether she is subject to the contribution limitations of the Campaign Financing Ordinance.

**Advice:** It depends—she is subject to the limitations if and only if she: 1) is a registered lobbyist with the Board of Ethics; or 2) has “done business” with the City, or the Chicago Transit Authority, Board of Education, Chicago Park District, Chicago City Colleges, or Metropolitan Pier and Exposition Authority within the previous four political reporting years (doing business means any one or combination of sales, purchases, leases or contracts to, from or with the City or any of these other agencies in an amount in excess of \$10,000 in any consecutive twelve month period); or 3) is “seeking to do business” with the City or any of the other named agencies (seeking to do business means taking any action within the past six months to obtain a contract or business which, if awarded, would result in doing business, and the contract has not been awarded, or having certain matters pending before the City Council or any of its Committees in the six months prior to the date of the contribution).

**Employment of Relatives or Domestic Partners/Use or Disclosure of Confidential Information**

The Ordinance prohibits City employees and officials from exercising “contract management authority” where any relative or domestic partner of theirs is employed by or has contracts with persons doing City work over which they have or exercise that authority, and from using or permitting the use of their positions to assist their relatives in gaining employment or contracts with persons over whom they exercise that authority. It defines “contract management authority” as personal involvement in or direct supervisory responsibility for the formulation or execution of a City contract.

The Ordinance also prohibits City employees and officials from using or disclosing, other than in the performance of their official City duties and responsibilities or as may be required by law, any confidential information they have gained by reason of or in the course of their City position or employment.

**Situation 1:** A City employee explains that she is dating an employee of a company that has a City contract. She also explains that that contract is not with her City department, and, in any event, she is in a clerical position and does not interact with City contractors or work on City contract issues. She asks whether she is subject to any restrictions under the Governmental Ethics Ordinance.

**Advice:** A person who is dating a City employee or official is not a “relative” of that employee or official for purposes of the Ordinance. This employee does not exercise contract management authority with respect to the City contract that the employer of the person she’s dating has. However, to avoid any appearance of impropriety, this employee is advised that, if her job responsibilities change to include possible involvement with this City contract, she should alert her departmental supervisors of this relationship, so they can assess whether she should be screened from work on this contract. She is also advised that she may not use or disclose any confidential information she has gained by reason of or in the course of her City employment. Finally, she is advised that, in the event

that she marries or becomes a domestic partner of the person she is dating, she would be prohibited from exercising contract management authority with respect to this contract, and would also be subject to other restrictions.

**The Governmental Ethics Ordinance also (except for Aldermanic personal staff) prohibits an official or employee from employing or advocating for employment, in any City agency in which the official or employee serves or exercises authority, supervision, or control, any relative or domestic partner.**

**Situation 2:** An employee asks whether the Ordinance would prohibit him and his sister from being employed in the same City department.

**Advice:** The Ordinance does not prohibit these two employees, brother and sister—who are relatives as defined in the Ordinance—from being employed in the same City department. Rather, it prohibits either of them from directly or indirectly “employing” or supervising the other. This includes making, participating in, or influencing employment decisions as to the other, such as reviewing or approving vacation time, leave time, promotions, pay raises, sick time, or daily work assignments, among other things.

### **Statements of Financial Interests**

**Article 2 of the Governmental Ethics Ordinance requires City employees who are compensated by the City for services per year at or above a specified rate (in 2006, the rate was \$69,500), or who occupy a City position budgeted for annual compensation at or above that rate, and certain City officials, to file a Statement of Financial Interests. On their Statements, they must disclose information about their outside business interests and sources of income in the current and preceding calendar years. The Ordinance requires filers to disclose, among other items, the identity of any capital asset, including the address of real estate, from which the filer realized a capital gain of \$5,000 or more in the preceding year (except for the sale of the filer’s principal place of residence), and the identity of any financial interest the filer owns in real estate located in the City of Chicago (other than the filer’s principal place of residence).**

**Situation 1:** A City employee explains that he is in the process of purchasing commercial real estate located in the City from a private owner. The sale has not closed. He asks whether he needs to disclose the property on his Statement of Financial Interests.

**Advice:** If the sale does close, and his interest in the property is worth \$5,000 or more, then he must disclose the address (or legal description) of the property on the Statement of Financial Interests that he files in the *next calendar year following the sale’s closing* (and on every subsequent Statement he files, as long as his ownership interest in the property is worth \$5,000 or more).

**Situation 2:** A City employee owns investment property in Michigan. She asks whether she must she disclose this real estate on her Statement of Financial Interests.

**Advice:** The Ordinance requires disclosure of the identity of any financial interest in real estate located in the City. Thus, she is not required to disclose this real estate, which is located in Michigan.

**Situation 3:** The same City employee has sold another parcel of property, also located in Michigan. She asks whether she must she disclose this on her Statement of Financial Interests.

**Advice:** It depends. If, as a tax matter, she realized a capital gain of \$5,000 or more from the sale, then she must report the address (or legal description) of the real estate on the Statement of Financial Interests she files in the next calendar year following the sale's closing.

**Situation 4:** A departmental supervisor asks whether City employees paid by the hour are required to file Statements of Financial Interests.

**Advice:** Again, it depends. If their hourly pay rate multiplied by the number of hours for which their positions are budgeted in the department's budget yields a figure that equals or exceeds the annual compensation rate set by the Board of Ethics (in 2006, that rate was \$69,500), then they are required to file a Statement of Financial Interests for that year.

### Representation of Other Persons

The Governmental Ethics Ordinance prohibits a City employee from having an "economic interest" in the representation of any person in any judicial or quasi-judicial proceeding before any administrative agency or court if the City is a party to the proceeding and has interests adverse to the person represented by the employee. An "economic interest" means "any interest capable of valuation in monetary terms."

**Situation 1:** A City employee, who is also an attorney licensed in Illinois, asks whether she can represent a client in a case involving a traffic citation from the Illinois State Police.

**Advice:** The City is not a party in this judicial proceeding. Thus, the Ordinance does not prohibit this employee from representing her client or being compensated for her legal services in the matter. However, this work is outside employment, so this employee must adhere to the City's Personnel Rules pertaining to outside employment, as well as to any rules of her City department.

**Situation 2:** A City employee, who is also an attorney licensed to practice in Illinois, asks how the Ordinance applies to his representation of clients in two legal proceedings in which the City is a named defendant. He explains that he is deriving or accepting no compensation from either matter.

**Advice:** The Ordinance does not prohibit him from representing the individuals in these proceedings, although it does prohibit him from having an economic interest in (i.e. deriving any compensation or other interest capable of being valued in monetary terms from) that representation or those matters. Thus, as long as his representation of his clients in these matters is without direct or indirect compensation, then, his representation of clients in both proceedings is not prohibited by the Ordinance.

**Ethics Education Seminar**

**Section 2-156-145 of the Governmental Ethics Ordinance requires that each Alderman, member of an Alderman’s person staff, City Council Committee staff member, and each person holding a senior executive service position with the City attend an ethics training seminar every four years. Section 2-156-145(B) of the Ordinance requires that each Alderman and each full-time employee complete, each calendar year, an annual ethics education training course developed by the Board.**

**Situation:** A City employee recently attended a face-to-face ethics seminar conducted by staff of the Board Ethics; her attendance was required by the Ordinance. She asks whether she is still required to complete annual ethics training course (which, in her case, is offered through the City’s intranet).

**Advice:** Yes, she must still complete the annual ethics training course, even though she just attended the seminar. The reason is that the Ordinance explicitly states that the requirement that Aldermen and full-time City employees complete the annual ethics education course is in addition to the requirement to attend the training seminar(s) every four years.

## D. REGULATION AND ENFORCEMENT ACTIVITIES



### 1. CAMPAIGN FINANCING

The City's Campaign Financing Ordinance limits the amount of money that certain persons may contribute during a political reporting year (July 1 through June 30) to candidates for elected City office, elected City officials, and City employees and officials seeking election to any other office. These persons are: 1) lobbyists registered with the Board; 2) persons who, within the last four political reporting years, have done business with the City or one of its sister agencies; and 3) persons seeking to do business with the City or a sister agency.

The Board monitors contributors' compliance with these limitations by reviewing campaign financing disclosure reports that candidates' political committees file with the Illinois State Board of Elections (pursuant to state law). The Board compares these reports with City and sister agency contract records, matters referred to the City Council and/or Council committees, and lobbyists' registration statements filed with the Board.

As a result, the Board initiated 2 preliminary inquiries and 35 investigations during the reporting year. Both preliminary inquiries were ongoing as of July 31, 2006. Of the 35 investigations commenced, 33 were concluded during the reporting year, and 2 remained ongoing as of July 31, 2006. In each of the concluded matters, the Board determined that the contributor had violated the Ordinance by exceeding the contribution limitations. As of July 31, 2006, compliance had been achieved in 5 of these cases. During the reporting year, compliance was also achieved in 6 other cases commenced during the prior reporting year.

### 2. STATEMENTS OF FINANCIAL INTERESTS

Certain City employees and officials are required to file Statements of Financial Interests with the Board of Ethics each Spring, in accordance with Article 2 of the Ethics Ordinance. The Board distributes, collects, and reviews these Statements for compliance with the Governmental Ethics Ordinance.

Through July 31, 2006, 13,010 City employees and officials were required to file Statements of Financial Interests with the Board by May 31, 2006, or be in violation of the Ordinance. (This figure represents an increase of 40% as compared to the number of individuals required to file in 2005.) Individuals required to file by May 31 but who filed after May 1 were also required to pay a \$20 late filing fee as mandated by the Ordinance. During the reporting year, the Board collected \$21,660 in late filing fees.

During the reporting year, the Board concluded the 31 cases it had opened with respect to the 29 employees and 2 appointed officials who, it determined, were in violation of the Ordinance for having failed to timely file their 2005 Statements of Financial Interests. In 27 of these cases, the individuals filed their forms, paid the appropriate late filing fees, and were disciplined by their departments as appropriate. In the remaining 4 cases, the Board vacated its determination after receiving proof that the individuals had left City service prior to the date of the determination.

During the reporting year, the Board also commenced 219 cases with respect to 2 appointed officials and 217 employees who had failed to timely file their 2006 Statements of Financial Interests. As of July 31, 2006, 124 of these individuals had not yet filed their Statements; the cases involving the remaining 95 were closed after the individuals filed their statements.

### **3. LOBBYIST REGISTRATION AND ACTIVITY**

The Board of Ethics regulates persons who lobby City government. Article 3 of the Governmental Ethics Ordinance requires all lobbyists to register with the Board each January 20, and file reports about their lobbying activities with the Board each January 20 and July 20. The Ordinance also requires all lobbyists to pay a \$200 fee per person identified as a lobbyist in the registration statement. During the reporting year, the Board collected \$119,400 in lobbyist registration fees.

Persons whom the Board of Ethics determines have failed to register as lobbyists as required are subject to fines, as are persons who retain or employ lobbyists who have failed to register as required. A City contract performed or entered into with any person who has retained or employed a non-registered lobbyist for the purpose of negotiating, soliciting or otherwise seeking the contract, shall be voidable as to the City.

In their filings, lobbyists are required to identify their clients, list their lobbying-related compensation and expenditures, the City agencies they lobby, and the legislative and administrative actions that are the focus of their lobbying activity, provide itemized lists of gifts they have given to City officials and employees, and furnish a copy of any written agreement of retainer or employment pursuant to which they lobby or a written statement of the substance of any oral agreement pursuant to which they lobby.

In accordance with state law and the Governmental Ethics Ordinance, all lobbyists' filings are available for public inspection and duplication. The Board of Ethics maintains lobbyist filings for seven years following the date of filing.

### **Who is Registered?**

#### **Number of Lobbyists**

- At the end of the reporting year (July 31, 2006), there were 535 persons registered as lobbyists with the Board. These lobbyists represented 3,272 clients.

#### **Lists of lobbyists and their clients**

- The Board maintains a regularly updated list of registered lobbyists and their clients on its Website. To view the list, see <http://www.cityofchicago.org/Ethics>

### **Who Retains Lobbyists?**

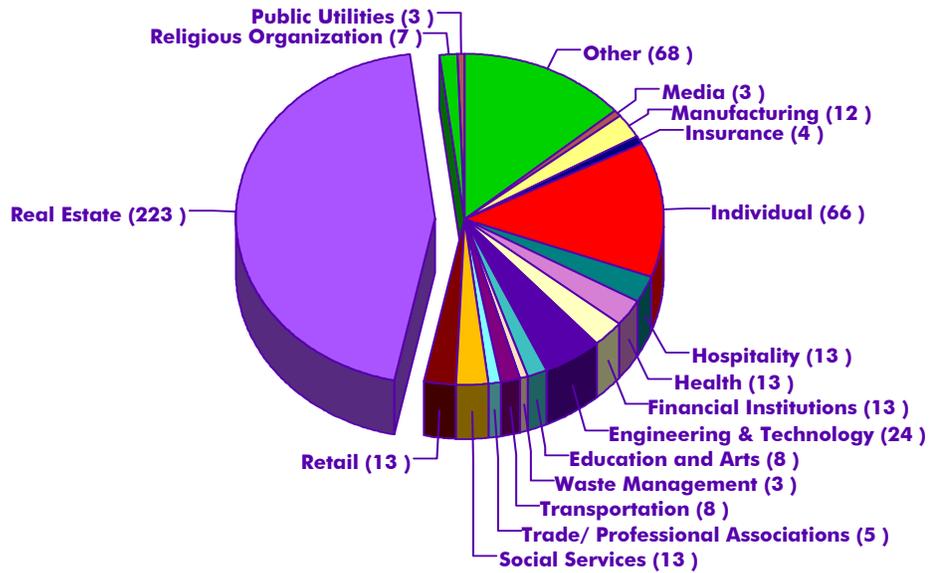
The Governmental Ethics Ordinance requires registered lobbyists to disclose the name and business interests of all clients on whose behalf they lobbied during the six months prior to filing their semi-annual activity reports.

#### **Gifts from Lobbyists**

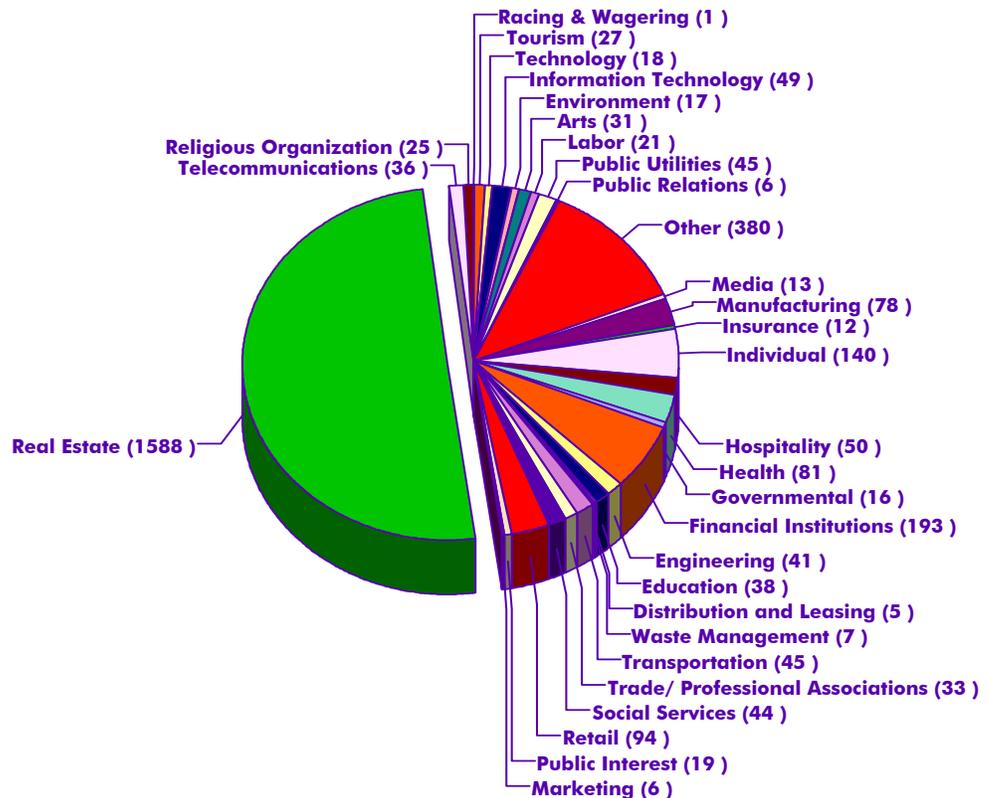
The Ordinance requires registered lobbyists to provide itemized lists of all gifts they have given to City officials and employees during the previous six month period. Filed reports shows that, during the period July 1, 2005 through December 31, 2005, 10 lobbyists gave 30 gifts to 24 City officials and employees, with a total value of \$1,393.15. The reports also show that, during the period January 1, 2006 through June 30, 2006, 9 lobbyists gave 21 gifts to 19 City officials and employees, with a total value of \$886.57.

**TABLE III - BUSINESS INTERESTS OF CLIENTS REPRESENTED BY LOBBYISTS**

**JULY 1, 2005 THROUGH DECEMBER 31, 2005**



**JANUARY 1, 2006 THROUGH JUNE 30, 2006**



**TABLE III**

shows the number of clients, listed by the clients' business interests, who were represented by lobbyists during the periods July 1, 2005 through December 31, 2005, and January 1, 2006 through June 30, 2006.

#### **4. INVESTIGATIONS, COMPLAINTS AND PRELIMINARY INQUIRIES**

The Board has the authority to receive complaints, conduct investigations and inquiries into alleged violations of the Ordinances, issue subpoenas during the course of investigations, determine whether violations of the Ordinances have occurred, and recommend or impose appropriate sanctions or corrective actions. All Board complaints, inquiries, investigations, reports and recommendations are subject to the confidentiality requirements of the Ordinances.

##### ***Preliminary Inquiries***

Each year, the Board reviews information disclosed on public documents filed with it (and with the Cook County Clerk's Office) by City officials, employees, lobbyists registered with the Board, and candidates for elected City office. These documents include Statements of Financial Interests, Lobbyist Registration Statements and Activity Reports, Aldermanic disclosures and campaign contribution reports. If, based on the Board's review, a possible violation of the Governmental Ethics or Campaign Financing Ordinance is indicated, the Board commences a preliminary inquiry. Based on a preliminary inquiry, the Board may find there is reasonable cause to believe that one or more provisions of the Ordinances may have been violated, in which case it will initiate an investigation. The Board may also close the inquiry on the basis that no reasonable cause exists to believe there is a potential violation, and may advise the subject of the relevant provisions and penalties contained in the Ordinances.

##### **Statements of Financial Interests**

During the reporting year, the Board did not commence any preliminary inquiry based on its review of the Statements of Financial Interests filed by City employees and officials.

##### **Lobbyists' Filings**

During the reporting year, the Board did not commence any preliminary inquiries with respect to filed Lobbyist Registration Statements and Activity Reports.

##### **Disclosures filed by City Council Members**

During the reporting year, the Board did not commence any preliminary inquiries based on its review of disclosures filed by City Council members.

**☛ Campaign Financing**

Based on its review of campaign contribution reports filed with the Illinois State Board of Elections, City contractor records, information provided by the sister agencies, matters referred to City Council and/or Council committees, and lobbyist registration statements, the Board initiated 2 preliminary inquiries into whether certain campaign contributors had violated the City's Campaign Financing Ordinance. Both were ongoing as of July 31, 2006. (See Table IV, on page 24, for more information).

**Concluded Investigations**

As summarized in Table IV, on page 24, during the reporting year, the Board concluded 126 cases with respect to City employees who failed to file Statements of Financial Interests within the time prescribed by law.

With respect to the Campaign Financing Ordinance, the Board initiated 35 investigations during the reporting year. As of July 31, 2006, 33 of the investigations had been concluded. In each of these concluded matters, the Board determined that the contributor had violated the Ordinance by exceeding the contribution limitations. As of July 31, 2006, compliance had been achieved in 5 of these cases. During the reporting year, compliance was also achieved in 6 other cases commenced during the prior reporting year.

The Board also commenced and concluded 88 cases with respect to lobbyists who had not filed activity reports or registration statements as required by the Ordinance, or who had filed incomplete reports or statements. In each case, the lobbyists complied with the Ordinance's requirements prior to a Board determination of a violation of the law.

In the remaining two cases, the Board concluded investigations (based on filed complaints), determining, in the first case, that an employee had violated the "Interest in City Business" provision of the Governmental Ethics Ordinance, and determining, in the second, that an employee had not violated the "Fiduciary Duty" provision of the Ordinance.

**Filed Complaints**

During the reporting year, 16 complaints were filed with the Board. As required by law and the Board's Rules and Regulations, the Board reviewed each complaint to determine whether there was reasonable cause to initiate an investigation into the allegations.

Three of these complaints involved the lobbyist registration provisions of the Ordinance, and were dismissed for failure to state reasonable cause. Ten were dismissed because they raised issues outside the Board's jurisdiction (although, in all cases, the Board referred the complainant to other appropriate agencies). In the first of the remaining three cases, the issue raised was breach of fiduciary duty. In accordance with the Governmental Ethics Ordinance and the Board's Rules and Regulations, the Board (as provided in the Ordinance) declined to investigate the matter after determining that the employee's alleged conduct was already under investigation by another City agency. In the second of the remaining matters, the Board determined, after a finding that there was reasonable cause to initiate an investigation, that an employee had violated the "Interest in City Business" provision of the Governmental Ethics Ordinance. In accordance with the Ordinance, the Board then referred the matter to the employee's department for further appropriate action. The remaining complaint also raised the issue of breach of fiduciary duty. After a finding that there was reasonable cause to investigate, the Board determined, after a full investigation, that the employee had not violated the Governmental Ethics Ordinance.



**NOTE:**

The Board's Rules and Regulations (last amended January 3, 1998) can be found on the Board's website at [www.cityofchicago.org/Ethics](http://www.cityofchicago.org/Ethics)

**TABLE IV - SUBJECT MATTER OF INVESTIGATIONS, COMPLAINTS AND PRELIMINARY INQUIRIES**

**TABLE IV**  
shows the subject matter of complaints received, preliminary inquiries commenced and/or concluded, investigations initiated and investigations concluded by the Board during the reporting year just ended.

Subject Matter	Formal Complaints Received	Preliminary Inquiries Commenced or Concluded	Investigations Commenced	Investigations Concluded
Disclosure of Financial Interests	-	-	219 <sup>1</sup>	126 <sup>2</sup>
Campaign Financing	-	2	35	33
Lobbyist Registration/ Disclosure	3	-	88	88 <sup>3</sup>
No Jurisdiction	10	-	-	-
Fiduciary Duty	2	-	1	1
Interest in City Business	1	-	1	1
<b>Total</b>	<b>16</b>	<b>2</b>	<b>344</b>	<b>249</b>

1. This figure represents cases commenced by the Board with respect to 217 employees and 2 appointed officials who failed to timely file their 2006 Statements of Financial Interests. At the end of the reporting year, there remained 122 employees and 2 appointed officials who still had yet to file; the cases involving the remaining 95 who did file were closed.

2. This figure includes the 31 investigations commenced during the prior reporting year, but concluded during the most recent reporting year with respect to employees and officials who failed to timely file their 2005 Statements of Financial Interests. 27 were closed because the individuals filed; 4 were closed because the individuals had left City service. It also includes 95 investigations that were closed with respect to employees and officials who failed to timely file their 2006 Statements of Financial Interests; all these individuals filed during the reporting year.

3. This figure represents the 88 investigations commenced and concluded by the Board with respect to lobbyists who failed to timely file Registration Statements or Activity Reports. All were closed during the reporting year after compliance was achieved.

**5. PERSONNEL RULE XXIX DISCLOSURES**

Personnel Rule XXIX (formerly Mayoral Executive Order 97-1, effective December 1, 1997), imposes restrictions on the conduct of employees in all executive departments, the Mayor’s Office, the Mayor’s security detail and City department heads. It requires that employees in executive departments make written disclosure to the Board of Ethics each year of their spouses’ ownership interest in entities that contract with persons doing City business.

In this past reporting year, the Board published the disclosure form (it is also posted on the Board’s website), coordinated the distribution of notice of the requirement to file the form to all City employees, collected the returned forms, and referred to the Law Department 5 forms requiring further review.

**6. ALDERMANIC DISCLOSURES**

The Conflicts of Interest provision of the Governmental Ethics Ordinance requires members of City Council to file written disclosure with the Board of Ethics with respect to matters pending before the City Council or its committees, and to disclose their interests in these matters on the records of Council proceedings and abstain from voting on these matters. The Board regularly reviews records of Council proceedings and other documents to ensure compliance with the law. As provided by law, the Board also reviews, maintains and makes these disclosures available for public inspection upon request. In the reporting year ended July 31, 2006, the Board received 45 of these disclosures, covering 286 distinct pending matters or items.



**NOTE:**

Scanned copies of all disclosures filed by City Council members received by the Board during the most recent 4 month period are posted on the web. See: [www.cityofchicago.org/Ethics/DisclosuresnNotifications.html](http://www.cityofchicago.org/Ethics/DisclosuresnNotifications.html)

## **E. EXAMINATION OF PUBLIC FILINGS**

In accordance with state law and City Ordinance, Statements of Financial Interests, Aldermanic disclosures, advisory opinions and lobbyist filings maintained by the Board of Ethics are available for public examination and duplication.

During the reporting year, the Board received 53 requests to examine Statements of Financial Interests filed by 158 individual City employees and officials, 3 requests to examine Aldermanic disclosures (including one for one entire year's disclosures by all Aldermen), and 15 requests to examine a total of 934 distinct filings made by 441 separate lobbyists. The Board also received 11 requests to view other material; these included 1 request to view advisory opinions, and 1 request to view past lists of registered lobbyists.

## **FOR MORE INFORMATION**

Board of Ethics staff members are available to answer any inquiries you may have about the Board, or to provide you with guidance about the requirements of the City's Governmental Ethics or Campaign Financing Ordinances. To reach us, please call 312-744-9660 (TT/TDD 312-744-5996), send us a FAX at 312-744-2793, or email the Acting Executive Director at [sberlin@cityofchicago.org](mailto:sberlin@cityofchicago.org)

To obtain an advisory opinion or guidance about a specific situation, or to file a complaint, please contact **Steven I. Berlin, Acting Executive Director**, or write or stop in to the Board's office:

**CITY OF CHICAGO BOARD OF ETHICS**  
**740 North Sedgwick, Suite 500**  
**Chicago, Illinois 60610**

Also, please visit our web site: [www.cityofchicago.org/Ethics](http://www.cityofchicago.org/Ethics)

There, you will find complete texts of the Governmental Ethics and Campaign Financing Ordinances, profiles of Board members, the Board's last five Annual Reports, the current list of registered lobbyists and their clients, blank downloadable copies of all forms required to be filed with the Board, educational brochures, instructions on how to file requests to examine or receive documents maintained by the Board, including Statements of Financial Interests and disclosures filed by City Council members regarding potential conflicts of interests, and other helpful information.